

resources so that all—aged, disabled, poor—could have the services they desire. But such a world does not exist.

We must be fair to our Nation's disabled, to our seniors, and to the low-income. But we must also be fair to our children, and their children. In short, we just have to do the best we can and this bill is a good start.

#### BALANCED BUDGET RECONCILIATION ACT

Mr. PRESSLER. Mr. President, I am pleased to be voting today for the Balanced Budget Reconciliation Act. For the first time in a generation, the United States Senate will be voting to end fiscal irresponsibility. Today, we have the opportunity to leave the next generation not mountains of debt, but the prospect of a stronger economy and a better standard of living.

Many of us have fought this battle to end runaway deficit spending for decades. I have done what I can. I have kept my votes within a balanced budget. I have cosponsored constitutional amendments to balance the budget, and measures to grant the President line item veto authority. When I assumed the chairmanship of the Committee on Commerce, Science and Transportation, I voluntarily reduced my staff budget by 15 percent. Those of us who believe in common sense budgeting fought tenaciously to reverse years of liberal excess and largess that has left the United States a debtor nation. For years, the only things I have had to show for my efforts to balance the budget are awards from grassroots, fiscal watchdog organizations. Today, with passage of this legislation, I have my eyes on the ultimate prize: a balanced federal budget. It is about time.

Of course, the people who deserve most of the credit are the American people. As they have done in so many instances throughout our nation's history, the American people made the difference. Last November they said enough is enough. They sent home many liberal caretakers of a run-down, bloated federal government, and sent to Washington a new corps of members that share my common sense approach to government. American families, working hard to provide for their children's future, knew that the federal debt stood as an ominous threat to their efforts and their way of life.

The people of South Dakota long ago made clear they do not tolerate wasteful deficit spending. South Dakotans believe that the federal government should live within its means—just like every family, every farm, and every business large and small. They are absolutely right.

No single act this Congress can take could have a more positive impact on more Americans than a vote to balance the federal budget. The facts are clear. A balanced federal budget and a lower debt free up investment dollars that have gone toward financing the debt or making interest payments on the debt.

In practical terms, a balanced budget would mean three key things: First, it would mean lower interest rates by up to two percent, making loans for new businesses, a new home or car, or a college education more affordable; second, it would mean at least 6.1 million new jobs; and third, it would mean a higher standard of living. In fact, a balanced budget would result in per-family incomes rising on average by \$1,000 a year.

With all the clear benefits, it is no wonder that the American people strongly favor a balanced budget. Americans recognize that fiscal irresponsibility has been a stifling barrier to progress—a barrier that gets larger, more onerous and more oppressive unless we act. Today, we are acting. A balanced budget is not just a restoration of common sense government. It is nothing less than economic liberation for every American family and business.

The balanced budget bill we pass today maintains our commitment to vital programs, such as student loans and national security. It also preserves and improves outdated, costly social programs that threaten to spiral our country into bankruptcy. Chief among them is Medicare.

Medicare reform is critical. I support Medicare. It provides essential hospital and health care services to 37 million Americans, including 113,000 South Dakotans. My mother depends on Medicare for basic health care.

As all of us know, earlier this year, we received troubling news from the trustees in charge of Medicare. They said that Medicare would be bankrupt in seven years. Without action by the year 2002, there would be no money to pay senior citizens' hospital bills. Seniors would be stuck for the entire bill because Medicare would not be around to help. That must not happen. If we enact the Medicare reforms contained in S. 1357, that will not happen.

This bill would save Medicare by making a number of key reforms. First, the bill would slow the rate at which Medicare is spending our tax dollars. At present, Medicare is growing at an annual rate of 10.4 percent. That is too fast. It is like forcing a person to run a marathon at a sprinter's pace. If allowed to grow at this pace, Medicare will burn out and run out of money in seven years. Like the marathon runner, we need to slow the pace of Medicare growth so it can run longer. That is just what this bill would do. It would slow Medicare growth to a more manageable 6.4 percent—still twice the rate of inflation, but at a pace that would enable Medicare to stay solvent for years to come.

In terms of dollars and cents, total Medicare spending would increase from \$178 billion this year to \$274 billion by the year 2002—that is a total of \$1.6 trillion invested in Medicare and an increase of 54 percent over seven years. This growth rate is faster than any other major government program.

Spending per South Dakota Medicare beneficiary would increase as well, from \$4,816 this year to \$6,734 in the year 2002—an increase of \$1,918.

This bill would improve Medicare as well. The Republican Medicare reform plan rests on three basic principles: First, every senior would be able to choose the same fee-for-service Medicare plan they have now, with all of Medicare's benefits. Second, senior citizens would continue to be able to choose their own doctor. Third, seniors would have a new option—the option to choose from a variety of health plans, as do younger Americans and Members of Congress. Seniors could stay on Medicare, or opt for a health plan offered by a Health Maintenance Organization (HMO), a Provider Sponsored Network (PSN), or even a health plan sponsored by a pool of physicians.

For the first time, seniors would be given a greater choice over health care options. They would have leverage as health care consumers in a newly competitive health care market. This option of choice would offer senior citizens more benefits, such as eyeglasses, prescription drugs and hearing aids, at a lower cost.

In short, Republicans intend to improve Medicare by preserving its best elements, and empowering senior citizens, not the government, to choose the health plan that suits them best.

This legislation also contains much-needed reforms in the Medicaid program. Like Medicare, the Medicaid program is growing at an excessive rate that threatens funding levels for other vital social programs. The core element of Medicaid reform is to slow the rate of growth in the program, from 10.5 percent to just under 5 percent. We further reform Medicaid by giving the States greater authority to administer the program, while maintaining our traditional commitments to cover pregnant women and children, as well as the disabled.

The balanced budget legislation also maintains our commitment to young Americans who need financial assistance for college. Much misinformation has been circulated by the liberals, but the reality is student financial aid enjoys wide bipartisan support. This was made evident just yesterday, when the Senate overwhelmingly approved an amendment I cosponsored to provide an additional \$5 billion for student financial aid. This amendment would preserve the in-school interest subsidy for both undergraduate and graduate students. It also would prevent any increases in the interest rate on PLUS loans for parents and it eliminated a misguided .85 percent fee on student loan volume on colleges and universities.

I am very pleased the Senate adopted this amendment. During the Senate Labor Committee's consideration of its provisions in the balanced budget legislation, I contacted Chairman KASSEBAUM to express my opposition to any

new fees on higher education institutions as a way to preserve our commitment to Federal student loan programs.

Frankly, we could do even more for our financial aid programs by repealing the wasteful direct lending program. This bill takes a step in that direction by capping the direct lending program at 20 percent. This program is a very inefficient and costly attempt to remove the private sector from the student loan process. The Congressional Budget Office [CBO] estimated that the elimination of direct lending would save taxpayers \$1.5 billion over 7 years. In addition, students and families are better served by their local banks than faceless bureaucrats in Washington.

I have heard from many young South Dakotans on the importance of financial aid for higher education. I personally identify with their concerns. I relied on student loans to get through college. Let me assure them and their parents that the balanced budget bill before us today is a winner in two respects—first, it maintains the Federal commitment to federal student loan programs; second, by balancing the budget, young South Dakotans will inherit an American economy and a standard of living second to none.

Finally, Mr. President, the balanced budget bill brings much-needed tax relief to the American people—tax relief that is balanced, reasonable and fair. We need tax relief for a number of reasons. First, the current tax code is unfair to working Americans. Since 1950, the tax burden has risen dramatically. Today, average Americans see up to 40 percent of their hard-earned income go toward taxes. In a nation where the average family has both parents on the job, Americans are working harder than ever before. Yet, they have less and less to show for it. That is not right. A heavy tax burden stalls economic growth, prevents savings and investment, and hinders a family's ability to provide for the well-being of their children.

Second, we need tax relief to reverse the adverse effects of the 1993 tax increase—the largest in American history. This tax increase is the main reason why the current economic recovery has been much slower than previous recoveries. As I stated, a balanced budget provides our economy a much-needed boost. Tax relief would empower working Americans with the means to further boost our economy. Indeed, this tax relief bill is good for all Americans—families, small businesses, farmers and seniors.

We have carefully crafted a bill that takes a big step toward fairness and empowers Americans to contribute to the health of our country, our communities and our families. And we do so without leaving a Federal deficit.

The largest component of this tax package would provide a \$500 per child tax credit for low- and middle-income families. This is money that can go where it can do the most good—in fam-

ily budgets to serve a number of purposes, ranging from child care to saving for a college education.

This tax credit is great news for tens of thousands of South Dakota families. Specifically, more than 84,000 South Dakota families would benefit from the tax credit. Of that number, more than 31,000 South Dakota taxpayers would have their tax liability eliminated completely. This is a true middle class tax cut. In fact 84 percent of the tax relief in this bill would go to Americans making less than \$100,000 a year.

The bill would provide even more tax relief for the middle-class by creating a student loan deduction for up to 20 percent of interest—up to \$500—paid on a student loan.

The bill would create an adoption credit to encourage and reward those who reach out to open their hearts and homes to a child in need of a home. And we have strengthened our commitment to families by relieving the unfair burden of the marriage tax penalty.

The bill would encourage middle class families to save and invest by creating a new Individual Retirement Account. Current use of tax-deductible IRAs would be expanded through an increase in the income limits, which would encourage Americans to save more and secure their futures. Homemakers would be allowed participation in IRAs. Finally, penalty-free withdrawals would be allowed for first time home purchases, medical expenses, periods of unemployment and higher education expenses. I have long been a strong advocate for making IRAs more flexible for families. I am proud to be a co-sponsor of the original legislation, which was incorporated in S. 1357.

Our economy would be further stimulated by the capital gains tax cut contained in this bill. More often than not, capital gains taxes hurt middle income families. The vast majority of capital gains is realized from those individuals who have held a family home or farm for decades or even generations, and are severely punished by the tax code when they finally sell their primary assets to pay for retirement. This bill would cut the capital gains tax rate by 50 percent for individuals. This would allow individuals who now are holding assets for fear of the capital gains tax to put those assets to a more productive use.

Our small businesses—the true engines of our economy—would benefit from the capital gains reforms, but also from other specific items in our bill that were created for their benefit. Many small businesses do not offer pension plans to their employees due to the administrative costs and unnecessary paperwork that is required. For those businesses with less than 100 employees and limited resources, the bill would create a simple 401(k) plan where employees can contribute up to \$6000 of wages, and employers must match up to 3 percent of the employee's pay.

One portion of this bill that I am particularly proud of is estate tax relief

for family farms and businesses. Too often, people work their entire lives to build a successful farm, ranch or other small business, with the hopes of passing it along to their children. Unfortunately, the estate tax laws take away the fruits of their labor by imposing a tax of up to 55 percent upon the family estates. This frequently forces the family to sell all or part of the business simply to pay estate taxes. Earlier this year, after months of preparation, Chairman ROTH, Senator DOLE, Senator PRYOR and I introduced legislation that would exempt the first \$1.5 million of qualified family-owned business assets from estate taxes, and then to provide a 50 percent rate cut beyond that.

The continuation of family-owned businesses is critical to the strength of our communities. This is true in South Dakota, where family farms and businesses have been the heart and soul of our economic development since statehood. Family-owned businesses give our kids something to work toward—and it helps our towns and neighborhoods by providing an active business commitment to their stability. The estate tax reforms in this legislation would end the imposition of estate taxes for virtually every family-owned family farm and small business in South Dakota.

I also worked to include in the bill a modest, but much-needed change to the Generation-Skipping Transfer Tax laws that would free up more options for contributing estate assets to charity.

I am pleased that this bill would retain the ethanol tax credit and extend the recently expired ethanol blenders tax credit, which is very important to South Dakota corn farmers and ethanol blenders. Both provisions are important for rural America and farm income. These kinds of credits are essential in order to provide new market opportunities for farmers. Ethanol is a fuel source that is cleaner for the environment, reduces dependency on foreign oil and strengthens our agricultural sector.

This tax package is a solid, reasonable approach to tax relief. It stimulates the economy and helps those who are trying to make a better life for themselves. Having the ability to plan ahead for retirement and other, unexpected, life changes benefits the society as a whole.

In order to assist those who seek to provide for their long-term health needs, the bill would clarify the treatment of long-term care insurance so that it would be treated like medical insurance and receive favorable tax treatment. The more we can encourage people to plan ahead for themselves, the stronger all of our futures will be. We have created Medical Savings Accounts [MSAs] so that everyone can plan for medical crises. The earnings on these accounts would be tax-free as are the withdrawals for certain purposes.

Mr. President, the driving principle behind this entire legislation is fairness—fairness to hard-working Americans and particularly to our children, who stand to inherit this country. Without this legislation, Americans would be subjected to egregious forms of unfairness on many fronts. Unless we balance the budget, young Americans will inherit a nation submerged in debt. A child born today already owes \$187,000 just on interest on the Federal debt. That is more than \$3,500 in taxes every year of her working life—a lifetime tax rate of 84 percent. This debt stands to threaten the very foundations of our economy and our country.

Without this legislation, Medicare will go bankrupt in the year 2002. Americans not yet of retirement age, who are contributing a significant portion of their pay to Medicare, deserve to know that Medicare will be there for them when they retire.

Without this legislation, hard-working Americans would be saddled with a tax system that punishes their ability to save, invest and provide for their families.

This legislation restores fairness to fiscal policy, seniors' health care and tax policy. Most Americans play by a common sense set of values. Americans work hard. They obey the law. They look out for their family and community. They try to provide for their future and their children's future.

For more than a generation, the Federal Government has stood in stark contrast to these values. The Federal Government taxes far too much and spends even more. It does not live within its means. It stifles individual initiative and ingenuity. This liberal tax and spend philosophy stands to threaten the livelihoods and the values that embody them of future generations.

Today, we take a significant step to right the wrongs of an irresponsible legacy of tax and spend. It is a historic occasion. Today, we set the stage for a new legacy of fiscal responsibility and fairness to American families. The American people made history last November by giving the Republicans control of Congress for the first time in more than a generation. They called for fair, common sense government. Tonight, for the first time in more than a generation, we in the Republican party will give the American people what they asked for: A fair, common sense government that lives within its means.

#### NAVAL PETROLEUM RESERVES

Mr. DOMENICI. Mr. President, there was a point of order sustained against the provision in the bill providing for the sale of the naval petroleum reserves [NPR], it is a technical violation of the Byrd rule.

The budget resolution included a reconciliation instruction based on the gross proceeds from the sale of the naval petroleum reserves. For reconciliation purposes, the Senate Budget Committee has scored the gross proceeds to the Armed Services Com-

mittee consistent with the budget resolution.

Under reconciliation scoring, there is no violation under the Byrd rule.

For the purposes of scoring under sections 302 and 311 of the Budget Act and determining whether the budget is balanced we do take into account the forgone receipts from the sale of the naval petroleum reserve. So, under that scoring there would be a net outlay increase in the out-years.

Even so, no one should be under the impression that the sale of the NPR will lose the Government money.

Under CBO's scoring, the sale of the naval petroleum reserves [NPR] leads to three budgetary impacts: \$1.6 billion increase in gross proceeds to the Government from the sale of the NPR; \$2.5 billion in forgone receipts over the next 7 years from the sale of the reserves; and at least \$1.0 billion in discretionary spending savings associated with the fact that the Government no longer will need to spend money to operate and maintain the reserves.

None of these figures take into account the interest savings the Government will earn or the tax revenues that will be generated by the private operation of this oil venture. Even without these additional savings, the sale still generates savings to the Federal Government over a 7-year time period.

The point of order against this provision is clearly a technical violation. I will work to ensure the sale of the NPR's is incorporated into the conference report and there is no Byrd rule violation.

The irony here is that a Democratic point of order will defeat the President's proposal to sell the naval petroleum reserves. If we don't sell it, the President's plan is even more out of balance.

Mr. President, the NPR has outlived the original purpose for which it was established around the turn of the century—a fuel reserve for the Navy.

Since 1976, the Department of Energy has been operating NPR as a commercial oil venture. The quality of oil produced from the NPR is not suitable for use by the modern Navy and instead is sold to the private market.

There is no national security rationale for the Federal Government to continue managing NPR oil production, either in terms of military or domestic energy requirements. The private sector can run NPR more efficiently than the Federal Government.

#### INTERNATIONAL SIMPLIFICATION

Mr. DOLE. Mr. President, I would like to state my support for including several international tax simplification measures in the conference report. There is an urgent need to address certain issues now before businesses make operational decisions that may negatively impact the growth of those industries for years to come, and, as a result, harm the U.S. economy. I know that Senators HATCH, D'AMATO, CHAFEE, GRASSLEY, and MACK also have strong concerns in this area, and I hope

we can all work together to see that these issues are addressed in the conference report on this bill.

The provisions to which I refer include various international simplification measures, some of which are in the House bill, including a measure that would permit foreign tax credits to be applied to taxes paid by fourth-, fifth and sixth-tier controlled foreign corporations (CFCs), as well as the repeal of Section 956A of the Internal Revenue Code, the clarification of the application of the foreign sales corporation (FSC) rules with respect to software exports, and a reevaluation of the deferral rules for foreign shipping income of CFC's.

One of the provisions on which I believe we should act is section 956A, which was one of the tax increases included in President Clinton's 1993 tax bill. Contrary to the stated reason for enacting this provision, in many cases it has created an incentive for U.S. multinationals to invest overseas rather than in the United States. This is because by having its foreign subsidiary invest in active foreign assets, a U.S. multinational reduces its tax liability. Thus, section 956A essentially provides a 35 percent investment tax credit for foreign investment by U.S. companies. Similar problems arise from a provision that today could cause a CFC to be treated as a PFIC because current law generally does not recognize the value of a company's intangible assets. These and other international tax simplification issues should be addressed in the conference agreement to this bill.

Mr. HATCH. Mr. President, I share the concerns expressed by the majority leader regarding the need to repeal Section 956A and the application of the PFIC rules to CFC's in connection with intangible assets. I would also like to express my concern about the problem of the overlap between subpart F and the PFIC provisions in general. I look forward to working together with the leader to correct all of these problems in the conference report on this bill. These provisions have the effect of hindering competitiveness of U.S. multinationals and distorting investment decisions that properly should be governed by economic considerations alone. Thus, they put at risk U.S.-based jobs. The 956A and PFIC rules have an especially harsh effect on research-intensive companies, which tend to accumulate capital before making major investments. As a result, I am particularly concerned that research activities may be moved overseas in order to avoid the impact of these rules. I believe this Nation may gradually lose its competitive edge in the technology field if through ill-conceived tax rules we provide incentives for this technology to be developed and owned outside the United States. As you know, technology industries are very important to my State of Utah, and I am concerned about Tax Code

provisions that have the effect of causing those industries to move their high-paying jobs out of the United States. For that reason, I would like to ask the leader's support for addressing in conference a problem that has arisen because of a narrow and ill-conceived IRS interpretation of the foreign sales corporation (FSC) provisions as they apply to exports of software, which I fear could also result in the movement of software development jobs overseas.

The FSC rules were enacted to address competitive disadvantages faced by U.S. exporters vis-a-vis exports from other countries that have more favorable tax systems, particularly those that effectively exempt export sales from home country tax. The goal of the FSC provisions was to remove an incentive to move manufacturing and production jobs out of the United States. Unfortunately, a narrow IRS interpretation of these rules could preclude exports of software copyrights from qualifying for export treatment under the FSC rules when those exports are accompanied by a right to reproduce the software overseas. I am very concerned because software companies are already examining opportunities to move high-paying software development jobs overseas where highly skilled labor is available at much lower wages. FSC benefits help offset higher U.S. labor costs by providing benefits on the export of products developed in the United States. I believe it is very important to clarify these rules to reflect the Congress' intent with respect to software, not only to protect U.S. software development jobs, but also to preserve ownership of this technology in the United States.

The narrow IRS interpretation of the application of the FSC rules to software was included in 1987 temporary and proposed regulations, which were never finalized. The Treasury Department has broad authority under current law to implement congressional intent by providing that a copyright on software qualifies as export property even if the software is accompanied by a right to reproduce. I believe that the Treasury Department should take action on its regulations to so provide this result. However, Treasury has indicated that it prefers congressional action to resolve this issue. In any event, 8 years is too long to wait for Treasury to take action on its temporary regulations, especially given the fact that the software industry regularly receives solicitations to move their software development to other countries, such as Ireland and India. Therefore, I hope that the majority leader will support legislative clarification of this issue in the context of international tax simplification measures that will be considered by the conference committee. This clarification of the FSC rules is an important simplification measure because it will implement the intent of Congress and help taxpayers and the IRS avoid years of litigation over the current regula-

tions and help to avert complicated restructuring activities.

Mr. DOLE. Mr. President, I, too, am concerned about the Treasury Department's interpretation of the FSC rules with respect to computer software and do not believe that the FSC statute precludes the application of the FSC provisions to computer software in the case described by the Senator from Utah. Given the Treasury's unwillingness to resolve this issue, I agree that we should address this issue in conference.

Mr. D'AMATO. Mr. President, I share the views of the majority leader and the Senator from Utah with respect to the urgent need to provide long-overdue improvements to our international tax system, especially when existing law hampers our industries as they expand their operations in the global marketplace.

The need for simplification and reform is illustrated by section 956 of the Internal Revenue Code—a section introduced in the 1960's and designed to prevent taxpayers from avoiding taxation on the repatriation of foreign earnings through disguised dividends in the form, for example, of loans to affiliates. In general, ordinary course of business financing transactions appropriately were exempted from this provision. Since section 956 first was introduced, however, the scope and complexity of international business have expanded rapidly, but the ordinary course of business exceptions to section 956 have not been updated.

For example, U.S.-based securities firms typically had negligible foreign earnings at the time section 956 was introduced, and therefore the ordinary course of business exceptions to that provision did not reflect standard commercial practices in that industry. In recent years, however, many U.S.-based securities firms have transformed themselves into global institutions by developing substantial international operations (just as many foreign-based institutions now compete in the United States). Section 956 has never been updated to reflect this surge in the international activities of the U.S. securities industry, thus forcing the industry into complex uneconomic transactions.

This is just one example of how U.S. taxation has not kept up with the political, economic and technical changes that have created new opportunities and broken down old barriers as national markets are replaced with global markets. Our tax laws should reflect and support these changes in a similar fashion, or they will force undue complexity on U.S.-based companies.

I join with the Senators from Kansas and Utah in supporting the principal of tax reform in the international area and the inclusion of international simplification and reform in the conference report.

Mr. DOLE. Mr. President, I agree that we should try to address these measures in conference.

#### BAUCUS MOTION TO STRIKE

Mr. BIDEN. Mr. President, there is a stretch of coastal plain in northeastern Alaska which has been called North America's Serengeti. Nestled between the towering 10-thousand foot peaks of the Brooks Range and the frigid Arctic Ocean on the North Slope of Alaska, lies the Arctic Coastal Plain, the 1½-million-acre crown jewel of the 19-million-acre Arctic National Wildlife Refuge. According to the Fish and Wildlife Service, the coastal plain area is the biological heart and the center of wildlife activity in the refuge. This pristine and complex Arctic ecosystem is habitat for a complete spectrum of wildlife, including polar and grizzly bears, wolves and snow geese. A 160,000-member porcupine caribou herd has used the coastal plain as a calving area for centuries. In all, more than 200 animal species call the refuge home.

Tragically, the bill before us today threatens to permanently mar Alaska's Coastal Plain by permitting destructive oil and natural gas exploration. Under a broad pretext of jobs, economic development, and international security, some want to enable gigantic energy interests to irreparably harm the sanctity of this area. What will be taken can never be replaced, and we ought not allow exploration to occur.

The State of Alaska has been blessed with abundant natural resources, and on the whole we, as a nation, are stronger for much of the enormous development which has occurred there.

Depending on who you ask naturally, the prospects for a substantial oil find on the coastal plain vary. Nineteen percent, Forty percent, the estimates, by definition, are inexact. Proponents of development believe that under the tundra lies the next Prudhoe Bay discovery, the next North Sea field. Fueled by projections of a skyrocketing demand for oil by the developing world, energy interests are waiting with bated breath.

Yet, of the more than 1,100 miles of northern Alaska's coastline, the coastal plain is the only 125 miles closed to development. Isn't this a small, justifiable sacrifice. Isn't there a point where we draw the line and protect a unique area because there is value beyond the price per barrel.

Let us assume for the moment that perhaps there is some merit in development, and let us further use Prudhoe Bay as a case study of likely consequences. Though for the most part drilling in the bay is reasonably managed, oil spills still average 500 annually—that is nearly 10 spills per week. This activity seems to also be having an impact on the surrounding wildlife. An article in the October 21 edition of the Anchorage Daily News noted that a new State caribou survey has found a sharp decline in the central Arctic caribou herd indigenous to the area. The cause is unknown, however, recent research by the University of Alaska has found that caribou living near the oil

fields have far fewer calves than those away from the facilities.

If this is in fact the case, the adverse effects of oil activity would be magnified in the coastal plain. What will exploration bring? Hundreds of miles of roads and pipelines leading to dozens of oil fields, blocking wildlife migration. Toxic wastes leaking into the soil. Rivers and streambeds robbed of millions of tons of their gravel to construct roads and runways.

According to Interior Department estimates, oil exploration would likely result in a decrease or change in distribution of 20 to 40 percent in the caribou population, 50 percent in the numbers of snow geese, and 25 to 50 percent in the muskox populations.

And after the oil has dried up, after the companies have gone, what will be left? The footprint of industrial development: abandoned drilling equipment scarring the landscape; toxic contamination; lost wildlife; a horizon permanently altered.

I have heard proponents argue that opening the coastal plan is a critical step toward decreasing our growing dependence on foreign oil. Yet, many of these same proponents are now moving a bill through the Congress to start exporting the oil presently extracted from Alaska's North Slope.

Mysteriously, this concern about our dependence on foreign oil also seems to evaporate when it comes to investment in research and development of alternative fuels, such as solar and wind energy.

Protection of our wilderness should not be a Democratic issue, or a Republican issue. In fact, the entire National Wildlife Refugee System, or which the Arctic Refuge is a part, was begun in 1903 by one of the greatest conservationists in our history, President Teddy Roosevelt, a Republican. The coastal plain was part of the original wildlife refuge established by President Eisenhower in 1960. Regrettably, red ink bleeding from Alaska's budget and the power of a few special interests have polarized this debate.

Every American has a stake in our National Wilderness Areas, in the preservation of the environment in which we all live. Every acre offering the possibility of oil ought not be drilled, every mountain offering the possibility of gold ought not be mined, every mile of wilderness ought not be stripped bare just because its value can be quantified, just because revenue can be raised.

Due to the fragile and complex interconnection of ecosystems, our future is inextricably linked to nature's vitality. If the scale is tipped too far by overdevelopment and we lose our balance, no amount of money will enable us to restore what we have lost.

We must remember that we are but visitors in this land, existing by the good grace of Mother Nature—a lasting, sustainable society for all future generations depends upon it.

Mr. COHEN. Mr. President, I have enormous respect for my Republican

colleagues for producing this historic budget. For the first time in a generation the Senate is presented with a plan that actually balances the budget.

Earlier this year, opponents of the balanced budget amendment charged that the amendment was a gimmick designed to allow Members to say they support a balanced budget without having to explain exactly how to achieve this.

I am proud that these critics have been proven wrong. Despite the loss of the balanced budget amendment, this Republican Congress has persevered in producing a specific plan to balance the budget in 2002—the same year called for in the balanced budget amendment.

The spending cuts called for in this plan are significant, and many of them are well overdue. My concern is with the tax cuts. I do not think we should be cutting taxes at the same time we are trying to balance the budget.

Trying to do both at once is like driving with one foot on the gas and the other on the brake.

I think the tough cuts proposed in this plan would be more easily justified without the tax cuts.

Any way you look at it, because of these tax cuts, the Federal Government will have to borrow \$245 billion more over the next 7 years than it otherwise would. This is particularly troubling in light of the fact that, if no changes are made in the Federal budget, children born today will face a lifetime tax burden of 82 percent. Such a tax burden is clearly unsustainable and intolerable.

Paying for tax cuts with borrowed money is really more of a tax deferral than a tax cut. At some point, future taxpayers will be forced to pay back the \$245 billion and their tax burden will be higher than it otherwise might be.

If the effect of borrowing money for tax cuts today is to increase the tax burden on future generations, the entire purpose of balancing the budget is undermined. We will still be asking our children to foot the bill. Balancing the budget is itself a tax cut in that it would relieve families of the hidden taxes associated with servicing the national debt. Interest on this debt costs the average household over \$800 a year. Balancing the budget more quickly and forgoing a deficit-financed tax cut would ease the burden of these hidden taxes. Balancing the budget more quickly would also lower interest costs for mortgages and student loans—saving families thousands of dollars.

Congress must focus on increasing the national savings rate. The surest way to achieve this goal is by reducing the deficit and by fundamentally reforming the tax code. The tax cuts proposed in the pending bill would frustrate both of these goals. The Tax Code would be complicated further and the deficit would be \$245 billion larger.

Let me be clear. If not for the budget deficit, I too would support a broad-

based tax cut. I am no fan of higher taxes. I opposed President Clinton's deficit plan because it relied too heavily on tax increases and not enough on spending cuts. It is one thing to oppose further tax increases. It is quite another, however, to support large tax cuts in the face of looming deficits.

While the size of the tax cuts prevent me from voting for this budget, I appreciate the willingness of the majority leader, Senator DOMENICI and Senator ROTH to work with me and other Senators to make some important changes to the bill affecting the education and Medicaid programs. In addition, important Federal nursing home standards were maintained. While these improvements were substantial, they could not offset my overarching concerns with cutting taxes by \$245 billion at this time.

I am confident that the Senate will have an opportunity to consider another balanced budget plan this year. The budget in its current form will almost certainly be vetoed by the President. Subsequent to this veto, I look forward to working with my colleagues to craft a new plan that maintains the goal of balancing the budget without cutting taxes by \$245 billion.

Mr. SPECTER. Mr. President, I am voting in favor of final passage of the budget reconciliation bill because I believe the prospective benefits of balancing the budget outweigh the concerns expressed in my floor statement of October 24, 1995. As indicated by that statement and my votes on individual amendments, I believe the bill would have been fairer with more funding for Medicare, education, and Medicaid without the tax cuts. OK, the tax cuts should have gone to deficit reduction. But, on balance, the bill should be passed.

At the insistence of our group of centrist Senators, this bill has been materially improved by floor amendments which did add some significant supplemental funding for Medicaid, Medicare, and education.

It is my expectation that further improvements are likely in the House-Senate conference with additional funding for Medicare and recipients of the earned income tax credit, because the House of Representatives has higher figures in those accounts.

After the House-Senate conference and the expected Presidential veto, it is likely that the ultimate legislation will better address the fairness issue and provide better assurances that tax cuts will not undermine a balanced budget.

Passage of this bill by the Senate today will move the process forward and promote the primary objective of balancing the federal budget by the targeted year of 2002.

Mr. BIDEN. Mr. President, a nation's budget reveals its fundamental values, its priorities, the problems that most concern its people. A budget can tell us a lot about how a nation's resources will be shared—which people, what activities will bear the tax burdens, and

which people, which activities will be encouraged and rewarded.

We are debating here today perhaps the most important budget plan in my public career. This is the first time we have committed ourselves to a 7-year budget plan, and the first time we have committed ourselves to a path which ends in a balanced budget. If—and this is a big if—we stick to it, this budget will control our actions through the end of this century and beyond.

What statement does this document make about our country? What does this reconciliation bill say about our concerns, what does it say about our values?

Mr. President, as we debate this bill we face a number of fundamental problems in our country. High on the list of worries of the middle-class men and women I talk to in my State of Delaware is the need to restore faith in the American dream—a belief that their own hard work will earn them a decent living today, that their mothers and fathers will enjoy a secure and dignified retirement, and that there will be a better world for their sons and daughters.

And just as high on that list of Americans' concerns is a need to restore Americans' sense of fairness—a sense that we have a system that gives the average guy a fair shake, that does not turn its back on those who are less fortunate, a system in which the most fortunate meet their obligation to contribute to our shared needs.

This is a value increasingly at risk today.

How does this budget respond to those concerns, Mr. President? How does it reflect those middle-class values?

I am sorry to say that this budget will give middle-class Americans more reason to worry about the future. It weakens the foundation of future growth by making it harder for our children to get the education they need to become part of a high wage, high productivity, world class work force.

The lower, slower growth that is the inevitable result of this reconciliation bill will contribute to a further hollowing out of our middle class—an expanding gap between the few whose families can afford a more expensive ticket to a better future and those who cannot.

A weakened middle class increases social instability, and leads to the very real concerns about the future that we now see in the polls, and in our streets.

It threatens Americans' ability to control their own fate—no matter how hard they work, a weaker, slower growing economy will mean smaller wages and salaries, a bleaker future.

As unwise, as reckless as this bill is in its threat to our current and future standard of living, Mr. President, it is unconscionable in its abandonment of our commitment to our parents' generation.

It raises the cost of getting old in America, Mr. President. This reconcili-

ation bill is a dark cloud over what should be the golden years of the generation that made us into a world power, that passed on to us the richest, most powerful country in the history of the world. How do we repay their hard work and sacrifice on our behalf?

This bill raises the cost of Medicare and Medicaid, and removes nursing home standards that demand basic human decency. It cuts more than \$270 billion from Medicare over the next 7 years. Already today, seniors pay an average of 20 percent of their income for health care. This plan, will increase the premiums of a senior couple an additional \$2,800 over the next 7 years.

This reconciliation bill continues to dump the burden on a middle class that is already getting clobbered. For more than a decade and a half, the median income in this country has been stuck in neutral—along with housing, the costs of education and health care are squeezing everything else out of middle-class budgets.

This bill increases health care costs of the retired parents of hard-working middle-class families. What are they going to do when grandma and grandpa come home and tell them that they will have to pay more out of their own fixed incomes to visit their own doctor? Will they turn their parents away? We all know the answer to that question, Mr. President—thank God, those middle-class families are going to remember their parents' sacrifices for them and for this country, and they are going to reach into their pockets and cover the new costs imposed by this bill.

At the same time, they are going to have to pick up the tab for more expensive college loans. It is the old squeeze play, Mr. President, and guess who is in the middle?

The saddest thing about this reconciliation bill may well be the missed opportunity it represents. I voted for the balanced budget amendment. I support not one, but two different budget resolutions that could have brought us to a balanced budget by the year 2002, the same target at which this reconciliation bill is aimed.

So I wish I could vote for a plan that would reach that goal. There are many possible plans, many possible paths to that goal. Some of those paths to a balanced budget would leave us a stronger, more competitive, and fairer country.

This one will not.

The question is not whether we should balance the budget. The question is not whether there must be sacrifice and change in the way we do business here. And for me, there is no question that we should make room for tax cuts, though more carefully drawn and targeted than those here before us today.

The question is how should we share the burden of the necessary sacrifice among the American people, and how should we allocate the necessary spending cuts to assure stronger, faster economic growth in the future.

This reconciliation bill has the wrong answers to those questions, Mr. President. It dumps the burdens of deficit reduction on those least able to bear it—deepening, not healing, the growing rifts in our society. And its short-sighted priorities—raising the cost of education, reducing health care and nutrition to the poorest children—weakens our ability to respond with a healthy, smarter workforce to the challenge of international economic competition.

I tried, along with a lot of my colleagues, to fix this bill. I offered an amendment that would give a \$10,000 tax deduction to help middle-class families pay for the rising costs of a college education. I tried to reduce the fraud in the Medicare system—to save money that could have prevented some of the worst cuts this bill will impose.

I supported many other attempts to restore some fairness, some common sense, some more balanced priorities to this bill. Those attempts were defeated.

We are left with this fatally flawed bill.

And a final point, Mr. President. As someone who voted for the balanced budget constitutional amendment, I might be moved to overlook some flaws in a plan that offered real promise of bringing the Federal deficit down to zero. Unfortunately, this plan uses a bunch of budget gimmicks too long to list here to maintain an appearance of budget balance that may well never become a reality.

Most disturbing to me is the fact that only by counting the surplus in the Social Security System will this plan bring the deficit to zero in the year 2002. Without counting Social Security funds as part of the Federal Government's everyday income, something that is not permitted under our current budget laws, the Republicans' own Budget Office has told them that this budget will be out of balance by \$105 billion in 2002.

But there are other problems, Mr. President—such as the heavy "back loading" of the spending cuts. This budget saves the real pain for the 6th and 7th years of this plan—a point when virtually no one here today would have to face the need to cut over \$200 billion each of the last 2 years. Let us hope there will be more enthusiasm for those choices then, than there appears to be now.

This bill's gimmicks include asset sales—to make the books look better in the short run, but that will leave us poorer in the future. Again, this is a practice that should not be allowed under budget law, but it is in here nonetheless.

So this reconciliation bill does not express the values of the Americans I know, the values of the people of Delaware. It does not embody the principles of mutual obligation, of family continuity that the Americans I know share. It is an affront to any notion of family values.

It does not address middle-class Americans' valid concerns about the



future of our economy, and it does nothing to help us build the well-paid, high-productivity work force that will allow us to take control of our destiny.

Because I know we can do better, Mr. President, and because the American people deserve better, I will vote against this bill.

Mr. CHAFEE. Mr. President, this reconciliation bill is the culmination of the congressional budget process. It provides for a balanced budget within 7 years, a truly remarkable feat.

The next step will undoubtedly be direct negotiations between congressional principals and the President to reach a final budget accord. However, that cannot occur until this legislation has been passed in final form, and sent to the President. And the quicker, the better, in my view.

While I do not agree with every aspect of this reconciliation bill, the objective of achieving a balanced budget far outweighs any misgivings I have about various of its provisions. We do not always get everything we want in the legislative process. Achieving the greater good must also be a consideration; and, here, the greater good is to obtain a balanced budget.

For 33 straight years this Government has spent more than it has taken in. The cumulative consequence of our annual budgetary sins is an incredible \$5 trillion national debt—literally, a mortgage on the economic future of our children and grandchildren. This is immoral, and must stop.

Every week, the Treasury Department must issue debt securities to keep the Government afloat. This past Monday, for example, Treasury borrowed \$27 billion to cover maturing securities, and to raise needed cash. The Department must hold monthly, quarterly, and annual auctions just to maintain solvency. If we make no changes to the course we are currently on, we will run \$200 billion deficits each year well into the next century. Fully 15 percent of our annual Federal budget—\$235 billion—must now go to paying the interest on this massive debt, without a penny of that going to reduce the principal. Within 10 years annual interest costs will jump to \$400 billion. This must stop.

Those of us in Congress, who have struggled over the years to reverse this ruinous course, are rightfully frustrated. In 1985, we passed the Emergency Deficit Control Act, also known as Gramm-Rudman-Hollings. That law was supposed to deliver a balanced budget by 1991. It did not happen. In 1990, we passed the Budget Enforcement Act, establishing the discretionary spending caps and the pay-as-you-go rules for entitlement spending and tax cuts. The results are barely measurable. Despite our best efforts, deficit control continues to elude us.

Regrettably, we cannot balance the budget this year or next. However, with the bill before us, we will balance the budget by the year 2002. And, from there, we can hopefully go on to com-

mence retiring the staggering national debt that will remain.

Is this bill perfect? No, it is not. I am not aware of any Senator who is satisfied with every aspect of this 1,900-page bill. In my view, at a time when we are struggling to reduce the deficit and asking people to sacrifice, the tax cuts are ill-timed. Earlier this year, during the debate on the Budget Resolution, a number of moderate Republicans—myself included—sought to discourage the tax cuts. That effort was complicated by the fact that the President's own budget called for tax cuts totaling more than \$105 billion. During the Finance Committee deliberations last week, I was the lone Republican voting to eliminate or scale-back the tax cuts. Unfortunately, my view did not prevail.

I have also been clear in my objections to block granting the Medicaid Program. I took steps in the Finance Committee to ensure that, at a minimum, pregnant women and children with incomes below the poverty level, as well as the disabled, retain some minimum guarantee of services.

In that regard, I am pleased my amendment to clarify the definition of "disability" passed the Senate yesterday by a vote of 60-39. Similarly, I am gratified the Senate this morning rejected, by a vote of 21-78, an amendment to strike my guarantee provisions for low-income pregnant women and children, as well as the disabled. These votes place the Senate squarely on record in support of requiring states to guarantee services to these vulnerable populations.

As a result of negotiations with the majority leader, moderate Republicans have been able to obtain a number of other improvements to the Medicaid package over the past several days. These include retaining Federal standards for nursing homes, a set-aside for low-income Medicare beneficiaries, and requiring that the same solvency standards a state applies to private plans must also be applied to Medicaid plans. We were also able to obtain a provision to permit the integration of services for elderly and disabled individuals who are both Medicare and Medicaid-eligible. Finally, we also won inclusion of an additional \$10 billion in funding to the States under the revised Medicaid Program, and \$2 billion more in Medicare payments to teaching hospitals.

I am also pleased that we were able to reach an agreement with the majority leader to eliminate the proposed reductions in Federal student loan programs that most directly effect students, parents, and schools. This occurred yesterday with the passage of the Kassebaum amendment, which restores the interest exemption "grace period" for newly guaranteed students, retains the current interest rates on "plus" loans to parents, and drops the new fee based on student loan volume that schools would be required to pay. We must not burden families further by making student loans more costly.

Despite these improvements, I still have some serious objections to S. 1357. Nonetheless, I will vote for this reconciliation measure. Moreover, I will vote against any amendments which I believe will delay or prevent this legislation from reaching the President's desk at the earliest possible time.

The new fiscal year started over 3 weeks ago, numerous appropriations bills remain outstanding, and the short term continuing resolution we passed last month will soon expire. My objective is to expedite getting to the endgame—to the bargaining table with President Clinton—where the real negotiations and work can commence on the terms of a final agreement to balance the budget.

While one may or may not agree with this package, it definitely does not represent business as usual. In fact, it is a bold, politically risky initiative, without precedent in my memory. This is the first serious attempt to constrain the explosive growth of Medicare and Medicaid; to cap and reform farm subsidies; and to delay the cost of living adjustments for Federal retirees. These deficits are a cancer, and this bill is the chemotherapy. It's painful medicine, but it is necessary.

During hearings earlier this year in the Finance Committee, a number of distinguished economists testified on fiscal policy and the state of our economy. Nearly every one of these witnesses, including Federal Reserve Board Chairman Alan Greenspan, said that balancing the budget is the single most important step we in Congress can take to help the economy. The benefits that flow from balancing the budget include increased employment and wages, greater investment and productivity, and lower long term interest rates.

Once we get on a glide path to a balanced budget, which can only come from hard negotiations with the President, our economy will begin to see some of these improvements. As interest rates drop, borrowing to buy a house, or to finance a college education will become more affordable. With less government borrowing, there will be more capital available for small businesses to expand, and to hire more people. Real wages, now stagnant, will begin to grow again, and our standard of living will gradually begin to improve.

In summary, Mr. President, we must take bold steps now. We cannot continue to pile ever greater debt burdens on our children and grandchildren. Thank goodness we finally have a legislative proposal that will reverse this ruinous course.

Mr. FEINGOLD. Mr. President, the 2000 page reconciliation measure that the Senate passed is deeply flawed.

It is a massive work, and difficult to comment on in any serious, detailed way because making an assessment of the reconciliation bill really amounts

to assessing the individual components of the measure, as well as the proposal as a whole.

On both counts, this bill is troubling.

Mr. President, last May, during consideration of the budget resolution, I shared my own perspective about the direction we should pursue to balance the budget.

I argued that part of our effort should include changes to Medicare, and I identified areas where some savings could be realized.

I also noted that some in the Majority party were undermining our ability to make these reforms by failing to play straight with the American people, implying that cuts to Medicare are needed solely to keep the Medicare Hospital Insurance Trust Fund solvent.

That portrayal was, and is, entirely misleading, as, of course, it was meant to be.

For though some changes are needed to keep the Hospital Insurance fund solvent, that trust fund is not the entire story.

Savings in Medicare must also be found as part of the broader effort to reduce the deficit and balance the Federal budget.

Mr. President, I made this point last May, and I make it again today because I fear that the political spin doctors who have chosen to depict Medicare cuts as being apart and separate from the rest of the budget are doing a great disservice to the cause of deficit reduction.

In an effort to minimize the political fallout that is inevitable if Congress cuts Medicare, they may undermine any chance for a budget package that will achieve the consensus it must have if we are to make the politically tough decisions needed to balance the Federal budget.

Mr. President, we need to be honest with the American people.

The Hospital Insurance Trust Fund does need to be shored up, but that is not the only reason we need to find savings in Medicare.

Nor is the impending insolvency of the trust fund something new.

The Hospital Insurance Trust Fund has been within a few years of insolvency every year since 1970.

Mr. President, Congress has been dealing with that problem off and on for 25 years now. I understand that it will take about \$90 billion in savings over the next 7 years to extend the trust fund's solvency to 10 years, about one third of the total reduction proposed by the majority part.

But the trust fund solvency is not the whole story, despite what some want the American people to believe.

Medicare clearly has an impact on the budget, and part of the reason cuts are being proposed stems from our Federal budget deficit. And rightly so.

Mr. President, Medicare is not Social Security. It should be on the table with other areas of Federal spending.

Mr. President, I have sponsored legislation that includes Medicare changes.

Medicare changes were part of the 82+ point plan to reduce the deficit I offered during my campaign for the U.S. Senate in 1992.

More importantly, I have voted for legislation that contained significant, specific changes to Medicare twice during the 103d Congress.

The reconciliation legislation we passed as part of the President's deficit reduction package included nearly \$60 billion in Medicare cuts.

I also voted for, and was proud to co-sponsor, the bipartisan Kerrey-Brown deficit reduction package which also included significant, specific Medicare cuts.

And, Mr. President, I am willing to vote for Medicare cuts again. But not the \$270 billion in cuts that are proposed in this measure.

Mr. President, last May I laid out a number of specific areas in which I thought savings could be realized. I was pleased to see a number of those ideas included in the Medicare provisions of the reconciliation bills that have been made by the Senate Finance Committee.

These included changes in the reimbursement of capital-related costs of inpatient services; repairing the flawed reimbursement formula that results in overpayments for some outpatient services; and, establishing a new prospective payment approach for home health care services.

I was pleased as well to see that the Finance Committee proposal includes some improvement in the reimbursement formula for Medicare HMOs.

The current formula rewards inefficient health care markets and punishes efficient health care markets and those areas, like many rural areas, that have inadequate service capacity.

For Vernon County, WI, about an hour west of my home, the Medicare formula would reimburse an HMO about \$211 per month per enrollee. That is just a little bit more than half of the national average of \$400 per month.

Mr. President, it should not surprise my colleagues to know that there are no Medicare HMOs in Vernon County. By contrast, in Miami, Medicare HMOs receive about \$615 per month for every enrollee, nearly three times as much as in Vernon County.

At triple the reimbursement of Vernon County, it is little wonder that HMOs in places like Miami are able to offer the wonderful additional benefits to which proponents of Medicare HMOs point when arguing for expanded use of managed care in Medicare, benefits like prescription drugs, eye glasses, and dental services.

Though it remains to be seen whether or not the Finance Committee's changes to the formula will be sufficient, the blended formula approach appears to move in the right direction.

I also want to commend the authors of the Senate proposal, and of the Ways and Means plan, for asking higher income Medicare beneficiaries to pay a larger share of the cost of their Medicare part B services.

I proposed that very reform in 1992, as part of my 82+ point plan to reduce the deficit and balance the budget, and am glad to see it included in the two proposals.

Mr. President, I endorse this change. It should be made in order to help reduce the deficit.

But those who have sought to avoid criticism of this and other Medicare changes have used the pretense of the impending insolvency of the Medicare trust fund, and in doing so they have done no favors to the cause of deficit reduction.

Far from it.

By misrepresenting the facts to the American people, they have undermined and jeopardized the already politically difficult, but nevertheless necessary task, of reforming Medicare.

Mr. President, the problems created by deliberately misleading people about the real need for Medicare reforms are compounded by a number of flawed, even harsh provisions.

These include the across-the-board increase in part B premiums and deductibles.

Unlike the means-tested premium increase on upper income beneficiaries, which I support, the across the board increases in premiums and deductibles hits lower income seniors and disabled.

Mr. President, the median income of elderly households is less than half that of non-elderly households. And incomes for the oldest old are by far the lowest of any age group.

Households headed by someone aged 75 or older had annual median incomes of less than \$13,622 in 1992—\$4,000 lower than the next lowest income group, those of households headed by people between age 15 and 24.

And over one-fourth of the elderly households have incomes of less than \$10,000 per year.

Mr. President, while the elderly are disproportionately poor, they also spend far more on health care as a group than anyone else, and this should not surprise us.

What may be surprising to some, however, is just how much our seniors do pay already even with Medicare. In 1995, the average older beneficiary will spend about \$2,750 out-of-pocket for premiums, deductibles, copayments, and for services not covered by Medicare.

I might add, Mr. President, that these costs do not include the potentially crushing costs of long-term care which can total nearly \$40,000 in some areas for nursing home care.

The across-the-board increases in premiums and deductibles will only add to these already high out-of-pocket costs.

Mr. President, let me add that under the current protections in our Medicaid program for lower income Medicare beneficiaries, some of the impact on the poorest of our elderly would be softened, but the reconciliation measure eliminates the guarantee of help for those beneficiaries.



Mr. President, rural seniors are among the most at risk under this legislation.

Because rural areas depend on Medicare to support an already inadequate health care service capacity, the massive Medicare cuts hit rural seniors and providers especially hard.

Making matters worse is the so-called Budget Expenditure Limit Tool, or "BELT" provision included in the bill which provides for automatic cuts in the traditional Medicare fee-for-service program if budget targets are not met.

Despite the improvements made to the Medicare HMO reimbursement formula, rural beneficiaries will continue to rely much more heavily on the traditional Medicare fee-for-service program than their urban counterparts, placing them at special risk because of the BELT provision.

Mr. President, as bad as the Medicare cuts are, the Medicaid cuts may be even worse.

Again, reforms to the current Medicaid program are clearly needed, not only to improve services for those lower income families needing health care, but also to reduce the pressure on our budget deficit.

But the \$182 billion in cuts proposed in this bill are unacceptable, as is the loss of the current Federal protections that ensure safe nursing home care, guarantee help for the poorest Medicare beneficiaries, and provide the critical safety net of health care services to poor women, children, and the disabled of all ages.

Though spousal impoverishment protections were retained in the provisions reported by the Finance Committee, I am extremely concerned about the prospects for spousal impoverishment when this measure goes to conference.

Comments made by the Speaker indicate that spousal impoverishment protections are very much at risk.

Mr. President, I am equally concerned about reports of a little known change in the law that permits States to bill the adult children of those elderly needing long-term care services.

This smacks of a return to the days of bills of attainder and workhouses for the families of those unable pay their debts.

Much has been said on other protections that have been eliminated and I will not repeat the arguments that have been made.

But, Mr. President, it is apparent that those seeking to tame our Medicaid budget do not understand the underlying forces which contribute to the bulk of Medicaid growth, namely the rapidly increasing need for long-term care services.

Though the elderly and disabled make up about one quarter of the Medicaid population, they account for 59 percent of the Medicaid budget, with the bulk of expenditures for them going to long-term care services.

Pressure on the long-term care budget will only increase.

Our Nation faces a rapidly growing population needing long-term care services, a population which is disproportionately poor.

The answer, Mr. President, is not to turn Medicaid into a block grant program, imposing a unilateral cut, and shoving responsibility for those left without services onto the States.

The answer is fundamental long-term care reform.

Along with Senator PAUL SIMON, I introduced a comprehensive long-term care reform measure, S. 85, that would be an important first step in helping States deal with this growing problem.

It is based on the bipartisan reforms we made in Wisconsin during the 1980's, where we established consumer-oriented and consumer-directed home and community-based services that allow those needing long-term care to remain in their own homes and communities.

Those reforms helped bring Wisconsin's Medicaid budget under control, and saved taxpayers hundreds of millions of dollars. Between 1980 and 1993, while Medicaid nursing home use increased by 47 percent nationally, in Wisconsin Medicaid nursing home use actually dropped 15 percent.

This is the kind of national long-term care reform that is needed to tame the Medicaid budget, offered a version of that proposal as an amendment to this bill, but that amendment was defeated.

Mr. President, other provisions of the reconciliation bill are significantly flawed.

According to the Treasury Department, the bill's cuts to the Earned Income Tax Credit amount to nothing more or less than a tax increase on 17 million low-income, working Americans.

In my own State of Wisconsin, some 206,000 families will experience a tax increase of \$330 on average in 2002, according to Treasury figures.

The assault on the Student Loan Program is also troubling.

The new limitation on direct lending programs adds real injury to this insult, making it even more difficult for families to send their children to college.

Mr. President, as disturbing as the provisions contained in the measure are those which are not such as the lack of effective change to the Federal Milk Marketing Order system.

Mr. President, the provisions in this bill with respect to dairy policy could not be any worse for the Upper Midwest. The provisions reported by the Agriculture Committee dramatically reduce the support price for milk, cutting the dairy price support program more than any other commodity on a proportionate basis. The dairy program which accounted for less than two percent of commodity program spending in 1994, took 9% of the cuts made by the Agriculture Committee in this bill. Those cuts could have been acceptable, Mr. President, if the inequities and market distortions of the Federal Milk

Marketing Order system that have discriminated against the Upper Midwest had been addressed by the Committee.

Unfortunately, the Agriculture Committee abdicated their responsibility on Market Order reform and left the system intact, leaving in place a bill that pulled the rug out from under manufacturing prices for the Upper Midwest, and leaving in place the excessive subsidies for fluid milk in other regions of the country.

Unfortunately, Mr. President, this bill did not stop there. Instead, during floor action, the Senate granted its approval to the Northeast Interstate Dairy Compact which will allow six northeastern states to set artificially high prices for milk paid to their producers. Mr. President, to my knowledge, this is the first time that Congress has granted approval to a price-fixing Interstate Compact. The Compact erects walls around the Compact states, preventing lower cost milk produced outside the Compact region from entering those six states. It is protectionism in its worst form. This compact also provides a subsidy to Compact-state processors who are forced to pay this higher price for milk, in order to allow them to ship their products outside the compact and remain competitive. Those compact products, produced and exported with the subsidy, will then compete with products produced by processors and producers in other states that have not been granted this special privilege.

The Compact, Mr. President, is inherently market distorting, regionally discriminatory, and overly regulatory. I think this body will regret providing its approval to this arrangement.

Unfortunately, the Senate included another provision during floor debate that further worsens the inequities of the current system. The Senate approved a Class IV pricing scheme for inclusion in Federal Milk Marketing Orders which taxes all producers nationwide to support the overproduction of a couple of West Coast states. The Upper Midwest dairy producers and processors overwhelmingly oppose this provision because it adds just another layer of regulation to the already discriminatory milk marketing order system. It will reduce prices for all producers nationwide in order to pay for the surpluses produced on the west coast. Wisconsin producers, while being denied an opportunity to share in the benefits of the highest class of milk, Class I milk, will now be required to suffer the loss of the lowest priced class of milk, even though they are not responsible for its production.

Mr. President, this bill represents the worst possible outcome for the Upper Midwest dairy industry, and in particular, for Wisconsin dairy farmers. In short, Mr. President, the Senate approved some very bad policy which appears inconsistent with the principles of many members of this chamber and which is completely out of step with

the dairy marketing conditions of the 1990's.

Another area in which this bill remains far too silent relates to the lack of discipline imposed on our U.S. tax code. I am particularly disappointed at the weak effort made to address the rapidly growing spending done through the tax code.

Along with tax cuts and defense spending, these tax loopholes are sacred cows in this budget.

At \$400 billion and growing, these tax expenditures are among the most important areas of Federal spending, and they are hardly touched in the reconciliation bill before the body.

Mr. President, many of the tax expenditures are certainly worthy, but others are hard to justify.

Just like the inappropriate subsidies made through direct appropriations, many tax expenditures not only put pressure on the budget deficit, they also distort the market place, lowering overall economic efficiency of the Nation.

But, despite the clear need for careful scrutiny in this area, made all the more timely by our common goal of reducing the deficit, tax expenditures are largely given a free pass.

Mr. President, it is obvious to all that the massive cuts to Medicare and Medicaid—nearly a half trillion dollars over the next 7 years—are far more than are necessary to address our budget deficit, and in fact make it more difficult to enact a budget plan that will balance the Federal books.

Nor can the health care system that provides care for the most vulnerable in our Nation be safely and prudently sustained with this kind of revenue loss.

The question occurs—why are these harsh cuts being proposed to the health care programs for our most vulnerable?

Mr. President, the inescapable conclusion is to fund a fiscally irresponsible quarter of a trillion dollar tax cut.

Mr. President, this tax cut not only jeopardizes the fundamental missions of Medicare and Medicaid to provide health care for retirees, poor women, children, and the disabled of all ages, it also jeopardizes efforts to balance the Federal books.

Mr. President, if there were no quarter of a trillion dollar tax cut, we could develop a bipartisan budget plan, including reductions in Medicare and Medicaid, that would balance the Federal books by 2002 or even sooner.

Mr. President, if there were no quarter of a trillion dollar tax cut, Medicare and Medicaid beneficiaries, and others, would be far more receptive to calls for sacrifice, especially if they are told, honestly and straightforwardly, that those sacrifices are intended not just to bolster the Trust Fund, but to help get our Federal budget out of the red.

More importantly, Mr. President, if there were no quarter of a trillion dollar tax cut, we could fashion a budget

plan that would be politically sustainable for the time it takes to reach balance and eliminate the Federal budget deficit.

I have no doubt that the deep flaws in the reconciliation measure before us jeopardize the very goal the supporters of that measure profess—a balanced Federal budget.

Mr. President, I find similar fault, though to a much lesser degree, with the President's original budget as well as his later offering, both of which retain a fiscally reckless tax cut, though one which, admittedly, is much more modest than is being proposed by the Republican leadership.

We cannot afford either the Democratic tax cut or the Republican tax cut, and we could go a long way toward reaching a politically sustainable budget agreement that would balance the Federal books by 2002, and even sooner, if both parties scrapped their tax cut proposals and instead focused on eliminating the deficit.

Mr. President, contrary to the image portrayed by the spin doctors, it is the Senate that has produced the most significant reform in this Congress.

Bipartisan efforts in the area of gift ban, lobbying reform, and the beginnings of campaign finance reform all have their roots here, in the United States Senate.

I earnestly hope this body will eventually put together the kind of sustainable, bipartisan deficit reduction plan that will balance the Federal budget before 2002, and do so without harming the most vulnerable in society. The key is to eliminate the absolutely irresponsible quarter of a trillion dollar tax cut.

If we can agree to do that, restrain the growth of tax loopholes, and put the Defense budget back on the budget table, we will have moved a long way toward establishing a responsible glide-path to a balanced Federal budget, and elimination of the Federal budget deficit.

Mr. GLENN. Mr. President, I rise in opposition to the bill. Along with many Ohioans, I oppose the large Medicare cuts contained in the reconciliation bill and am concerned about their impact on all Americans.

#### MEDICARE AND TAX CUTS

This bill calls for a \$270 billion cut to the Medicare program yet gives away \$245 billion in tax breaks—which disproportionately benefit wealthy Americans. I find it alarming that in order to achieve a \$245 billion reduction in taxes, we will slash services for seniors who choose to keep their current Medicare coverage.

This enormous Medicare cut will not balance the budget because it goes for a \$245 billion tax break. To keep its Contract with America, Republicans will break our thirty-year contract that has successfully helped older Americans. The lesson here is the old story so often reflected in Republican economics: those who have, get; those who do not, get stuck.

The tragedy here is that this massive Medicare cut is unnecessary. We all know the 1995 Medicare Board of Trustees report projected that the Medicare Part A Hospital Insurance (HI) trust fund will run out of reserves in the year 2002. However, the Trustees also reported that only \$89 billion in savings are necessary to restore the trust fund's solvency through 2006.

The budget plan before us, which was drawn up behind closed doors, achieves much of its \$270 billion in Medicare savings by cutting spending in the areas of inpatient and outpatient services, home health, hospice and extended care, physician and ambulatory facility services, and diagnostic test and durable medical equipment. For the people in my home state of Ohio, this means there will be \$8.9 billion fewer dollars for health care. For beneficiaries, this cut will mean increased premiums, deductibles and co-payments for Medicare Part B services—which include many of the services I just mentioned.

And how are we paying for it? We are going to cut taxes. We squeeze \$270 billion from the elderly so that we can turn around and give \$245 billion of it away in tax cuts.

Now we have heard a lot of talk about how this side of the aisle is just engaging in demagoguery and class warfare. They tell us their bill is not slanted toward the wealthy. They say that this bill distributes tax cuts equally, regardless of your income.

But, the American people know better. They know that just because someone says it is so, does not make it so.

The real horror story of this reconciliation bill lies in the numbers. And the numbers the other side has produced just do not add up. The numbers do not add up because not only does this proposal cut medical care for America's seniors, but it raises taxes on the working poor by gutting the Earned Income Tax Credit (EITC). So you need to factor in the Republican EITC tax increase when making any distributional comparisons.

When you do that, you will find that people with less than \$30,000 will actually be worse off, come tax time, under this plan. But very wealthy taxpayers would be big winners. The wealthiest 13 percent of taxpayers—those with incomes above \$75,000—would receive 53 percent of the Senate tax cut. So the wealthiest 13 percent get 53 percent of the benefits. Those making more than \$200,000 would gain an average of \$5,088 per taxpayer in the year 2000. By contrast, those with incomes between \$20,000 and \$75,000 would receive an average tax cut of only \$320.

#### MEDICAID

The budget reconciliation's treatment of Medicaid is truly alarming. Republicans would repeal the current Medicaid program and turn it over to the states as a fixed dollar amount block grant—eliminating the safety

net for more than eight million pregnant women, children, disabled and elderly Americans, and weakening federal nursing home regulations that protect the indigent and their families.

The federal government and the State of Ohio currently share in the funding of the Medicaid program and provide more than 1.85 million poor, elderly and disabled Ohioans with physician, hospital and nursing home care. Under the Republican proposal, Ohio would lose nearly \$8 billion in federal Medicaid dollars over the next seven years. To offset these cuts, Ohio would be forced to slash or eliminate health services for low-income families and seniors, divert resources from other important programs, or raise taxes.

Many people do not realize that nearly 70 percent of Medicaid spending goes toward long-term care for the elderly and disabled. These recipients are mostly middle-class Americans who are not aware that Medicare and most private insurance policies do not cover long-term care. Many become eligible for Medicaid when they quickly deplete their income and assets after entering a nursing home where costs average \$3000 per month. Republican proposals would have abolished laws that protect spouses from having to sell their homes and assets to pay for nursing home bills, but due to widespread opposition both the House and the Senate wisely voted to retain spousal impoverishment protection.

However, the House version of the Republican Medicaid reform bill repeals federal standards for nursing home and institutional care. This plan repeals such essential standards as quality assurance systems, staffing requirements, restrictions on physical and chemical restraints, and nutrition guidelines. I was pleased to support a successful Senate amendment which provides for the continuation of federal nursing home regulations and I will urge conferees to maintain federal standards.

I support efforts to control the growth of federal health care spending, but I do not believe that Republicans should balance the budget, and give tax breaks, at the expense of our nation's most vulnerable citizens. Reform of Medicare and Medicaid should concentrate on strengthening and improving these important programs, not on squeezing out the maximum amount of budget savings. Today, when millions of Americans face limited access to medical care and live with the fear that an illness or loss of a job will leave them without health care coverage and expose their families to financial ruin, I feel it is essential to expand, rather than limit, access to medical care.

There has been a great deal of debate about priorities in the Senate. I am not convinced the plan before the Senate is a fair reflection of America's priorities. In fact, it is Robin Hood in reverse. This plan to take from the poor and give to the rich might make the Sheriff

of Nottingham proud, but it will not balance the budget.

#### EDUCATION

The Republican budget cuts student loans by \$10.8 billion. This makes it much harder for working families and their children to finance a college education. If these cuts became law, the school house door will be closed for many students willing but unable to afford a college education. Other students and their families will see their choices for an education narrowed.

The Republican proposal increases the interest rate on PLUS loans taken out by parents. The interest rate on parental loans would increase by 1 percent. Families considering PLUS loans are mostly working middle-income who make too much to qualify for full scholarships but not enough to write a check for tuition.

The six-month grace period for graduating students would be eliminated. Interest would pile up during that period and would be added to the loan balance. The bill also charges schools a 0.85% fee on loans taken out by their students. This new tax on student loans will be passed on to students and their families, either financially or through cuts in school programs and services.

I supported the amendment offered by Senator KASSEBAUM which restored some of the cuts in the student loan program, but it is only a step in the right direction and does not go far enough to ensure that working middle-income families can afford to provide higher educational opportunities for their children.

#### ENVIRONMENT

I oppose the provision to allow oil and gas leasing of the coastal plain of the Arctic National Wildlife Refuge (ANWR).

The coastal plain of the ANWR is one of our remaining ecological treasures, containing 18 major rivers, and providing habitat for 36 species of land mammals and more than 30 fish species. This pristine wilderness cannot be replaced. The impact of oil and gas leasing would forever alter this region. While proponents of leasing the ANWR argue that America's oil dependency requires this resource, they also advocate lifting the ban on exports of Alaska North Slope oil which is contained in this legislation.

Americans are committed to protecting national parks and public lands. This commitment extends to protecting the ANWR even if the revenues from leasing the area would be dedicated to deficit reduction. The U.S. Geological Survey recently reduced its estimate of the potential oil yield from this area; therefore, the revenue assumptions in this bill may be grossly overstated. However, Mr. President, the environmental value of this natural area is far greater than any short term economic gain from oil and gas development. I am also opposed to provisions in the bill that will override existing environmental laws and cripple

public health and environmental protections.

At the same time, this measure contains provisions that continue to provide millions in annual federal subsidies to timber, mining, and ranching industries. These subsidies not only lack economic justification but often cause environmental damage. Several of these provisions have been previously defeated or have delayed consideration of other bills. Yet, in an effort to escape the notice of the American people and circumvent the legislative process these dangerous measures have been inserted into this massive reconciliation bill.

Although this bill contains provisions regarding the Mining Law of 1872, it fails to "reform" the patenting process and continues to allow the taxpayers of this country to lose millions in revenues from publicly owned lands. In contrast to federal coal, oil, and gas leases for which the government receives substantial royalty payments, hardrock minerals are virtually given away under a law that has not been significantly revised since 1872. This situation is unconscionable.

This measure also contains provisions from a federal grazing bill under consideration in the House. These provisions codify grazing regulations that were in place prior to Secretary Babbitt's proposed grazing revisions. Again, the American taxpayer and our nation's environment are the losers.

For all these reasons Mr. President, I have concluded that I cannot support the passage of this legislation and I urge my colleagues to oppose the bill.

Mr. DOLE, Mr. President, this debate has been lengthy, and I will not delay a final vote much longer. But I do want to take a minute or two to comment on what is a very historic day for the U.S. Senate.

I have cast over 12,000 votes during my years in the Capitol. Many of those didn't have a great deal of impact on Americans, and are hard to recall. But some votes you remember forever—they are the votes that touch the life of every American, and that change the course of history.

I remember the vote on President Reagan's historic tax cut bill—and the vote against President Clinton's historic tax increase bill.

I remember the vote which made Martin Luther King's birthday a Federal holiday—and I was pleased to lead the debate in favor of that bill.

And I vividly recall the vote authorizing President Bush to send troops to the Persian Gulf.

And no doubt about it, the vote we will cast in just a few minutes is one we will remember forever.

It is a vote for putting America on a path to a balanced budget.

It is a vote for low interest rates, so more Americans can own a house, buy a car, and send their children to college.

It is a vote that will give new life to the 10th amendment, because we are

transferring power out of Washington, and returning it to the people, where it belongs.

It is a vote for cutting taxes, and allowing American families to keep more of their hard earned money, and to make their own decisions on how best they can spend it.

It is a vote for securing, strengthening, and preserving the Medicare Program, on which so many of our seniors depend.

It is a vote for real, meaningful, and fundamental change.

And, above all, Mr. President, it is a vote for America's future. For our children and grandchildren—and their children and grandchildren.

It is a vote for the teenager who was in my office a few years back with a group of high school students from across the country. And this young man said to me, "Senator, everyone has someone in Washington who represents them. Someone speaks for labor, for the farmers, for business . . . but no one speaks for us. No one speaks for America's future."

I do not know where that young man is today, but if he happens to be listening, I want to tell him that at long last, someone is speaking for you, some one is speaking for American's future. This Republican Congress had the courage to look beyond the next election, and ask what is best for the next generation.

But I would also tell this young man that our battle on behalf of the next generation is far from over. President Clinton will veto the final reconciliation bill that will be reported out of conference, the forces of the status quo will do all in their power to return to business as usual.

President Clinton says he wants change. But his actions speak much louder than his words.

He says he wants to balance the budget, and at various times, he says he can do it in either 5 years, 10 years, 8 years, or 7 years—but each budget he has proposed doesn't balance the budget in 100 years.

He says he wants to cut taxes for the middle class, but he inflicted the largest tax increase in history on the American people.

He says he wants to save Medicare from its impending bankruptcy, but he has refused again and again to join in a bipartisan effort to do so.

Instead of providing leadership, the President has been content to sit on the sidelines and use increasingly harsh rhetoric to scare the American people.

And that rhetoric reached new lows yesterday with the sad remarks of the President's press secretary, which I will not dignify by repeating.

And there is no doubt that these past few days of debate on the Senate floor have created quite a few sound bites for the nightly news.

Some of my friends on the other side of the aisle would have you believe that each and every Republican Senator has it out for Americans in need.

I just wish that each time the media reported one of these phony accusations, they would follow it up by reporting the truth.

And the truth is, the Republican plan reins in government spending by slowing its rate of growth. The truth is, more than 70 percent of our tax cuts go to working families making less than \$75,000 per year. The truth is, the Republican budget allows Medicare to grow by an average of 7 percent per year. Medicare beneficiaries will receive more money next year than they do this year, and they will keep on receiving more year after year.

It truly shows you just how ingrained the status quo is here in Washington, how accustomed the liberals have become to spending American's money, when they attack us for wanting to slow the budget's rate of growth.

I remember a few years back, when we were having a serious national debate on the proposal by former Senators Rudman and Tsongas—one a Republican and one a Democrat—to freeze the Federal budget. Just think what the rhetoric would be like if we had proposed a freeze. But we have not. Instead, we've proposed limiting Government's growth to \$350 billion over the next 7 years.

So I say to my friends in the media: You have a duty to report the truth to the American people. Report that Medicare will grow, not get cut. Report that Republicans are giving working families a tax cut, and not a giveaway to the rich.

Let me close by saluting Senator DOMENICI for the outstanding job he has done throughout this debate. I know how much time and energy he has invested over the years in the quest for a balanced budget, and I like to think that I know how much this vote means to him.

Congratulations, as well, to Senator ROTH, for his leadership in achieving the historic tax cuts contained in this budget, as well as the Medicare provisions, which involved a tremendous amount of work.

Mr. President, it's no secret this vote is not the end of the budget process. We have repeatedly said that if President Clinton has constructive ideas to offer, we are ready to listen. But, with or without the President's help, we're determined to deliver the change the American people voted for, determined to move America forward, and determined to continue speaking for America's future.

The PRESIDING OFFICER. Is there any further amendment?

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask for third reading.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. I ask unanimous consent that the Senate now proceed to the consideration of H.R. 2491, the House-passed reconciliation bill; that all after the enacting clause be stricken and the text of S. 1357, as amended, be inserted in lieu thereof. Further, I ask unanimous consent that the bill be read for the third time, and the Senate then vote on passage of the bill, with the above occurring without any intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. DOLE. Mr. President, let me just indicate to my colleagues there will not be a session on Monday. If there is, it will be pro forma only. Let me thank my colleagues for their cooperation. This has been a very important, very historic vote. There is a lot taking place here on this vote. I hope we can have a unanimous vote.

Mr. DOMENICI. Midnight.

Mr. DOLE. Midnight.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. DOMENICI. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 47, as follows:

[Rollcall Vote No. 556 Leg.]

#### YEAS—52

Abraham	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Pressler
Brown	Gregg	Roth
Burns	Hatch	Santorum
Campbell	Hatfield	Shelby
Chafee	Helms	Simpson
Coats	Hutchison	Smith
Cochran	Inhofe	Snowe
Coverdell	Jeffords	Specter
Craig	Kassebaum	Stevens
D'Amato	Kempthorne	Thomas
DeWine	Kyl	Thompson
Dole	Lott	Thurmond
Domenici	Lugar	Warner
Faircloth	Mack	
Frist	McCain	

#### NAYS—47

Akaka	Bumpers	Feingold
Baucus	Byrd	Feinstein
Biden	Cohen	Ford
Bingaman	Conrad	Glenn
Boxer	Daschle	Graham
Bradley	Dodd	Harkin
Breaux	Dorgan	Heflin
Bryan	Exon	Hollings

Inouye	Levin	Pryor
Johnston	Lieberman	Reid
Kennedy	Mikulski	Robb
Kerry	Moseley-Braun	Rockefeller
Kerry	Moynihan	Sarbanes
Kohl	Murray	Simon
Lautenberg	Nunn	Wellstone
Leahy	Pell	

So, the bill (H.R. 2491), as amended, was passed.

Mr. EXON. Mr. President, I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT. I ask unanimous consent that S. 1537 be returned to the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I want to take a moment, if I might, to thank all Senators on both sides of the aisle, especially my friend and colleague, the chairman of the committee, for his consideration all the way through this process. We have had a great deal of help from the leader, from Senator DORGAN, Senator KERREY, Senator FORD; the whole Democratic leadership has been very helpful and supportive all the way through this most difficult process.

In the end, though, as we always do, and should, I will take time out to thank the very dedicated staff. I have been on the Budget Committee for the 17 years that I have been in the U.S. Senate. I think we have been particularly well blessed with excellent staff on both sides of the aisle that work very, very well together.

So I congratulate the chairman of the committee, whom it is my pleasure to work with. We will be working together in the future on a whole series of matters.

I want to end up tonight by taking a moment to thank the Democratic staff members of the Budget Committee for the truly outstanding job they did during the consideration of the reconciliation bill and through all of the procedures that we had in the Budget Committee. I would like to extend my appreciation, therefore, on our side to the key members of our staff: Amy Abraham, Andy Blocker, Kelly Dimock, Tony Dresden, Jodi Grant, Matt Greenwald, Joan Huffer, Bill Dauster, Jim Klumpner, Nell Mays, Sue Nelson, John Rosenwasser, and Jerry Slominski.

Mr. President, these were outstanding people that do an outstanding job. I thank them for their dedication, talent, and for all the help that they give not only to the ranking Democrat but all Democratic members of the committee. I thank them very much.

If I did, I did not leave out Phil Karsting intentionally. The leader of that group, of course, is Phil Karsting, who has been there for several years now as the central director of every-

thing that we do on the Budget Committee. He has been sitting here advising Members of the Democratic side and working closely with many people on the other side of the aisle. I have always been particularly impressed with the good working relationship that Bill has with the Bill on that side. That is what makes things work in the end. I am very proud of all of the staff.

Mr. DOLE. Mr. President, I just want to thank all Members, as I did before. I thank the Democratic leader. We were able to work together. We had 58 votes. We were on the bill 42 hours. As the Senator from West Virginia pointed out, we had a record number of votes today—39. So we exceeded both records that the Senator from West Virginia talked about earlier.

I particularly thank the distinguished Senator from New Mexico, Senator DOMENICI, his staff, my staff, and all the staff on this side. Also, a special thanks to the Senator from Alaska, who has been presiding much of the day. We appreciate the way he has handled the duties of the chair. It has made it much easier for all of us.

Also, I thank my colleague from Mississippi, Senator LOTT, who has actively been working on a daily basis to find out how many votes we would have on these various amendments, and for all the cooperation we have had on this side of the aisle.

This is a historic vote. We have to go to conference, and it is not going to be easy. We need to pass the conference report. There is an indication that the President may veto the bill. I hope that is not the case. Any way you look at it, this is a historic vote. We watched the House yesterday sail through theirs in about 6 or 8 hours. It took us a little longer, but the results were the same.

Mr. President, 52 out of 53 Republicans have voted for this historic package, which is going to mean a lot of things to a lot of people, whether it is preserving and strengthening Medicare, or reforming welfare, or cutting taxes for families with children—not the rich, but families with children and, most importantly, balance the budget by 2002. I do not care where you are, who you are, what your politics are, people want to balance the budget. That is precisely the reason we have gone through this effort day after day, week after week, in all the committees, and that is why all the chairmen and all the others have been working so hard.

Now it becomes a special responsibility for the Budget Committee chairman in the conference, working with Republicans and Democrats. We are not going to waste any time. We are going to start on Monday. We have work being done this weekend by the staff. Monday, I will meet with the Speaker, and we will be talking about how we can speed up the conference and how we can, if possible, meet the deadline by November 13 to have a conference report. So we are working on

the conference already. We have had staff looking into some of the areas in sort of a pre-conference effort. I believe we will be able to complete our work.

Again, I say to the President of the United States: If you want to make some arrangement, or negotiate, whatever, I think both the Speaker and I have said, again this morning, we are prepared to meet. We think it would be a little presumptuous of us to call the President. But if he wants to call us, obviously, we are more than willing to sit down with the President of the United States to talk about what we are doing, what he hopes to do and see if there is any common ground.

Again, I thank all my colleagues.

Mr. DOMENICI. Mr. President, might I thank Senator DOLE for his kind words, and might I say to more people than I can mention how much I appreciate their efforts. I say with a bit of pride that the Budget Committee is frequently not liked around here. They seem to always be telling somebody what to do. Those who serve on the Budget Committee know that this all started there. Without that budget resolution and this process, we would clearly not be changing the country from the way it is being run today, from the way Government is run to the way we would like it. I am very proud of it.

I have been working at it about 22 years, and I never thought we would get to this night. We still have some work to do, but there can be no doubt that we have proven that using the procedures of the U.S. Congress, as onerous and difficult as they are, we can get a balanced budget; that we can change programs to meet the goals and objectives of our people, and to do that which is best for America.

It is obvious to everyone that America cannot continue to spend \$482 million a day more than it takes in. The real goal is to pay our bills as we accrue those bills, and let the adults take care of the problems of our country and not pass them on to our children and grandchildren. That is the issue. Do we want strong money and a strong economy, lower interest rates and our standard of living going up? Or do we want to watch it dwindle away, little by little, as that gigantic deficit will do? We have shown that we can change things enough to change the course of the economic history of our Nation, I think, for the better.

Obviously, none of this could be done without some fantastic staff people. I do not have a list of all of ours, but I am going to just say that without Bill Hoagland at our side, we probably would not be here. He comes up with the ideas, and I get credit for it, or Senator DOLE does, or even Sheila does. Everybody gets ideas from Bill Hoagland, and they are right more times than not.

There are a few Senators to thank. Hard work was done in one committee, the Committee on Finance. I am sorry

we instructed you to save so many dollars and cut so many taxes. But the Finance Committee, led by BILL ROTH, did a magnificent job. That was obvious here today. A special thanks to SPENCER ABRAHAM, a member of our committee, who worked hard. I asked him to do a special job for me, in a special way, and he did it very well. I thank him so much for that.

With that, let me say one more time, as I have many times in the past, thanks to Senator EXON, who I frequently slip and call Governor, for the wonderful job that he does in representing his side of the aisle in getting this work done.

He and his staff also are nothing but quality and excellence, and to the minority leader who is standing here now, I want to say thank you. It was difficult at first to reach some accommodation.

It was sort of like we were shadow-boxing maybe for the first 7 or 8 hours. In fact, you might have wondered whether we would ever get in the ring. That was by design. Yet, you got much of what you wanted by way of votes for your people, and we got what we wanted: Final passage of a great bill.

I want to begin by thanking my colleagues. I wish to thank the staff and all members of the Budget Committee for their hard work. I would also like to thank all of the committee chairmen who worked so diligently to meet the terms of the budget resolution and add flesh to its bones.

Also, I would thank the able ranking member, Senator EXON, he is a fine friend and an able adversary. The Senate will be a poorer institution when he departs next year.

And, finally, I would like to take a moment to acknowledge the constant and determined leadership of the majority leader, Senator DOLE. We all know, he is a remarkable American. And his commitment to keeping his promise to the American people—to give them the first balanced Federal budget in 26 years—is the reason we are here tonight. As always, he has kept his word and has provided this Nation the honest, effective, and steadfast leadership that has defined his tenure in this body.

I speak about Senator DOLE's leadership because that's what the vote we are about to cast is all about. Leadership. Honest leadership that protects America today, and tomorrow.

Leaders, it's been said, are the custodians of a nation. Of its ideals, its values, its hopes and aspirations. Those things which bind a nation, and make it more than a mere aggregation of individuals.

But governing for today is much easier than leading for the future. It does not take a great deal of talent or courage to solve the immediate need. It's not a lot harder to pave a pathway for the future.

Yet, we who serve in public office have a responsibility to protect the future. We must work on behalf of those

who will follow us, our children and grandchildren. We are the trustees of their future, of their legacy of their opportunities.

Leadership requires courage. It requires boldness and foresight to safeguard a nation's ambitions and confront its challenges.

President John Kennedy put it this way when he said: "To those to whom much is given, much is required." And he reminded us that, as public servants, we would be judged, at least in part, by our courage.

I couldn't agree more.

Eight months ago my Republican colleagues and I began a courageous effort to throttle runaway Federal spending and give the American people the first balanced Federal budget in more than a quarter century.

We knew it would be difficult. We knew it would require determination and endurance. But we had promised the American people we would balance the budget and put an end to the persistent deficit spending that has been bleeding our Nation dry.

A deficit growing by \$482 million a day; \$335 thousand a minute; and \$55 hundred every second. Let me repeat that last figure again—our deficit is currently growing at \$5,500 a second.

Deficit spending is draining the economic lifeblood of our country.

It's heaping mountains of debt upon our children and which will drag them down. We are irresponsibly shackling our kids with our bills. And, left unchanged, they will be the first generation of Americans to suffer a lower standard of living and less opportunity than their parents.

Yet, if we pass the budget before us, we can reverse this tide.

This budget will restore our Nation's fiscal equilibrium and preserve America as the "land of opportunity" for this and future generations. It reflects a commitment to fiscal responsibility, generating economic growth, creating family-wage jobs, and protecting the "American Dream" for all our citizens—young and old alike.

This is not just rhetoric. A recent DEI study concluded a balanced budget would boost America's yearly output by 2.5 percent over the next 10 years. And it would mean 2.4 million more jobs by 2005.

Further, a recent GAO study suggests that an average family's income will increase as much as \$11,200 over the next 30 years. And the CBO says interest rates will decline by as much as 1.7 percentage points by 2002.

That means less debt for our children and more money in the pockets of working Americans today.

Opponents of this budget have employed every trick, every political maneuver, and every scare tactic to halt our march to a balanced budget and forging a more efficient and more responsive Federal Government.

But here are the unvarnished facts:

Under our budget, Federal spending will continue to grow. We'll spend \$12

trillion over the next 7 years. That's only \$890 billion less than we would otherwise spend.

We balance the budget without touching Social Security.

This budget shrinks the Federal bureaucracy, eliminating many Federal departments, agencies, and programs.

We move money and power out of Washington and back to citizens in their States and communities.

This budget reforms the welfare system while maintaining a safety net for those in true need, especially children.

And it preserves, improves, and protects Medicare.

We began this debate by calling for unity in this effort. It was our hope that all of us, Republican and Democrat alike, would shoulder our basic responsibilities. We asked colleagues on both sides of the aisle to work together in the bipartisan spirit the American people are looking for.

We only requested that we move swiftly, while we still have time, to confront the debt crisis that threatens to suffocate our nation's vitality and snuff out its economic growth.

But rather than cooperation, we were met with confrontation. That's too bad. Because at every turn in this process, this Senator has tried to reach out to my Democrat colleagues and to the White House in hopes they would work with us.

Yet, they declined. I believed they did so because they underestimated Republicans' stamina and the determination of the American people on this issue. They didn't think we would do it. They thought we would fold.

Instead, we persevered. We did something rare in this town. We have kept our word, stuck to our objectives, and, despite the misleading rhetorical flack fired by the guardians of the status quo, kept our word.

So as we prepare to take the final vote on this package I want to say to my colleagues you may not agree with every item in this package. There may be some portions you would like to change. That may happen.

But I want to also remind you that it is an honest, straightforward balanced budget. No smoke. No mirrors. No rosy scenario. Just balance.

The President says he'll veto this budget. I wish he wouldn't but I think I understand the game the White House is playing.

He says he has a kinder, gentler budget that somehow magically gets to balance while spending nearly \$300 billion more in domestic programs. He says he can get to balance by spending more and cutting less.

Sound phony? That is because it is. The President's so-called budget hides \$475 billion in blue smoke and mirrors.

It's a political document, hastily thrown together last June in response to Republican determination and our passage of the budget resolution.

That is why if we don't pass this budget tonight, we will not have a balanced budget. Because the reality is



that throughout this debate we have had to drag this White House kicking and screaming toward a balanced budget.

The chronology is clear. This White House opposed the balanced budget constitutional amendment, its first budget waved the white flag of surrender at the deficit, and, as I said, it only offered a fig-leaf balanced budget after Republicans passed the real thing.

I believe there is still hope. I am ready to meet with budget leaders at the White House anytime so they might join with us in fashioning a budget that gets to balance in 7 years.

I'm ready to do it now. Tonight. This weekend. Yet the White House has its veto strategy and, apparently, feels we must go through this little mating dance before we get down to business.

But if we don't pass this budget tonight that will never happen. The born-again budget balancers at the White House will quickly fall off the wagon and deficits will continue.

So we can not be swayed by veto threats. We must continue to move forward.

Senators, this is a historic vote. I've waited years for this vote. It is one more step toward the balanced budget the American people have been screaming for. It is a vote for responsibility. It is a vote for accountability. And it's a vote to stop this Government from borrowing \$5,500 a second to buy everything it wants and begin considering what it can afford.

Admiral Halsey told us: "There aren't great men. There are just great challenges that ordinary men like and me are forced by circumstances to meet."

Tonight this Senate faces a great challenge. Let us—ordinary men and women—have the courage to meet that challenge and, in doing so, preserve America's promise of opportunity.

I ask unanimous consent that the bill that we passed be printed. We do not have it printed yet.

The PRESIDING OFFICER. Without objection, it is so ordered.

[The bill was not available for printing. It will appear in the RECORD of Monday, October 30, 1995.]

Mr. DASCHLE. Mr. President, let me commend the distinguished Senator from Nebraska for the remarkable job that he did in representing our side during these very difficult days. He has worked with all of the Members of this caucus, as he always does, with professionalism and leadership.

I personally appreciate the contribution that he has made, along with his excellent staff. They have done all the work on this bill from our side in representing us and they have done an outstanding job. I applaud them as well.

Mr. President, the tragedy underlying the passage of this reconciliation bill is that it fails completely to reflect political consensus. We all agree on the need to balance the budget, but there

has been no effort by the Republican majority to address Democrats' concerns and the very real concerns of the American people.

We have stated time and again that we want to work with the majority to produce a bipartisan solution to the deficit problem. The President of the United States has held out his hand in an offer of cooperation. Instead of cooperation, we have been cut out, shut out, and our concerns have been ignored.

Along with us, the American people have been shut out of this process, and their values have been trampled upon. As people are realizing how they and their families will be affected in a real way, they are increasingly rejecting the Republican budget plan.

The plain fact is that Democrats have a clear and successful track record of reducing the deficit. In 1993, we achieved \$600 billion in deficit reduction without a single Republican vote. The result is that the deficit, as a percentage of the economy, is this year at the lowest level since 1979.

The deficit has fallen for 3 years in a row for the first time since Harry Truman was President. In fact, the 1993 economic plan is working better than even the Administration or the Congressional Budget Office had projected. That is because the economy has performed better than projected since 1993 due to the success of the President's economic plan.

While we seek to balance the budget, we also understand that there is a right way and a wrong way to do it. The budget plan before us is the wrong way. Unlike the Republicans in 1993, this year we offered to cooperate in good faith so long as our basic concerns were on table.

We said \$270 billion in Medicare cuts to pay for \$245 billion in tax breaks for the wealthy was unacceptable. And we asked that the priorities in this budget be changed to protect children, the elderly, those with disabilities, working families, rural America, and the environment. This debate is about people: seniors who need Medicare, young people who need an education, families who need a fair income—and greater stability, and rural people who want to preserve their way of life.

That is why we are here. It is what unites us as Democrats. It is why we have fought so hard and so long against the harmful provisions of this bill.

None of our concerns was addressed. The majority did not budge one inch on any of the extreme proposals they made.

As a result, this budget is "DBA"—dead before arrival—and is certain to get the veto it so richly deserves.

This is a "reconciliation" bill in name only. Certainly there was no reconciliation with Democrats. There were no hearings, no consultation with Democrats, and virtually no time for debate.

Senate Republicans held a private markup in the Finance Committee,

locking out committee Democrats for the first time in history. The congressional majority has exercised rigid party discipline, forcing every one of its members to march in lockstep even if they disagree with the fundamental direction of their leadership.

The Senate received its first look at this package only one week ago. It was not printed and available to all Senators and the public until this Tuesday. The result is a 2000-page abomination we are only now beginning to understand.

This far-reaching, extreme package is being rushed through Congress before public opposition can bring it down. The authors of this budget have not built a consensus with anyone, except themselves. They claim a mandate for their radical course—as if wishing would make it so.

This budget does not reflect the hopes and needs of most Americans. Nor have we reconciled our problems with the deficit.

Under this budget, in the year 2002, there will still be a deficit of over \$100 billion, and we will use Social Security money to pay it off. Maybe that is why 80 percent of the American people, in a recent poll, said they believe this bill will not balance the budget. They know it, and we know it.

The only reconciliation that has taken place has occurred in the Speaker's office—in backroom deals between the right and the far right—and between the Republican leadership and a line of special interests that just keeps getting longer. And longer.

Mr. President, our country deserves better than this. This is not what the American people voted for last year.

The American people did not vote last year to cut \$457 billion in health benefits to give tax handouts to those who do not need them. They did not vote last year to cut education to millions of students so that some of America's largest and wealthiest corporations could pay no taxes at all. The American people did not vote last year to raise taxes on American families making less than \$30,000 so the richest Americans could pay \$6,000 less. Nor did they vote not to have a farm bill for the first time in 80 years.

They did not vote for this budget plan then, and they do not support it now.

Mr. President, this bill is not a product of the reconciliation process. It is an abuse of the reconciliation process.

What is in this monstrous package? It contains the largest health care cuts in American history. Two hundred seventy billion dollars in Medicare cuts alone. The mask is off those who have argued that their intention is to "save" Medicare. Their real purpose is to dismantle Medicare.

Three days ago the Republican leaders of both Houses of Congress made clear their real intentions. One stated that creating Medicare was a mistake in the first place, and the other said that Medicare as we know it will "wither on the vine." Their recent

statements help explain why they insist on cutting \$270 billion from Medicare, when only \$89 billion is needed to restore its solvency for the next eleven years. As a first step toward abolishing the program, they are cutting Medicare three times more than necessary to pay for their "crown jewel" offering to the special interests: \$245 billion in tax breaks.

Mr. President, this attack on Medicare reveals how far out of touch with the American people the proponents of this bill have become. Medicare is one of the greatest success stories of our time. The American people know that, even if some of their politicians have forgotten.

In 1965, before the creation of Medicare, 46 percent of seniors had health care coverage. Today, 99 percent are covered. Does the majority want to bring us back to the "good old days" when only half of our senior citizens had health insurance? It would be heartless to go back to the age when our older citizens suffered needlessly from disease and even premature death because they had no access to health care.

The consequences of these Medicare cuts will be severe. Hospitals will be forced to close. Couples will be forced to pay an average of \$2,800 more for health care by 2002. Clearly, Medicare is being used as a piggy bank to fund tax cuts for the wealthiest Americans, with no regard to the damage to the health care of senior citizens in America.

This bill dismantles Medicaid. At a time when we have unacceptably high numbers of Americans with no health care coverage, it would deprive an additional 36 million Americans guaranteed health care coverage under Medicaid.

A recent study by the Consumers Union and the National Health Law Program estimates that 12 million Americans—half of them children—would lose their health care coverage under this proposal. Surely the majority doesn't think the American people voted last year to increase the number of uninsured.

Older Americans and their families also have reason to fear the destruction of Medicaid. One-half of the nursing home patients in the U.S., including over 1 million senior citizens, rely on Medicaid. What will happen to the quality of their care under this bill? What justifies putting the spouses and adult children of nursing home residents at risk of bankruptcy?

That is not what the American people voted for last year either.

The majority is telling these people and their families, "You're on your own."

Republicans say, "Don't worry about those details. Think about the tax relief in this bill." But there is no tax relief in this bill for average Americans. There are only new tax burdens for them.

Despite the Republican promises, the typical family in this country earning

less than \$30,000 will see their taxes increase under this bill. And half of all families in the U.S. have incomes below \$30,000.

This bill represents the biggest transfer of income from the lower and middle income levels to the wealthy that we have ever seen. In one fell swoop, it destroys 30 years of investment in our people.

Most of the pain in the budget—affecting seniors, children, working families, rural America, and the environment—is driven by the insatiable greed on the part of the congressional majority for tax breaks that benefit the wealthiest Americans and large corporations. The richest one percent of Americans—those earning over \$350,000—will get an average tax break of \$5,626.

Many large corporations will pay no taxes at all under this bill.

Not only do these generous handouts to the wealthy require huge cuts in education and health care and so many other areas, they are fiscally irresponsible. The tax breaks will add \$293 billion to the debt over the next seven years—\$293 billion in added debt that our children will have to pay off! The costs of those tax breaks will explode after the 7 years covered in this budget. To those who profess that this effort is intended to save our children from the crushing burden of our debts, I would ask them to explain this hypocrisy.

For all the talk we have heard about how this plan is intended to benefit children and future generations, the actual provisions of the bill reveal a different story.

The bill launches an assault on education in this country. By cutting billions for student loans, this bill closes the door on a college education for many Americans.

Other children's priorities are savaged as well. By 2002, up to 6.5 million children could lose health coverage. Food stamps will be cut. Foster care payments will be capped, threatening to throw us back to dependence on the orphanages the Speaker proposes. Countless children threatened with abuse may never benefit from investigations of their situations. This bill plays a shell game with the \$3 billion in child care funds that were included in the Senate welfare reform bill. It cuts Title XX, the states' primary source of child care money, by \$3.3 billion. It is "Home Alone II" for children whose families are trying to work their way off welfare.

Another giant item stuffed into this package is the 1995 farm bill, which drops a bomb on rural America. For the first time in history, the farm bill was included in the reconciliation package. There were no hearings on the Republican plan.

The bill cuts farm programs by 25 percent. Net farm income will decline under this measure by \$9 billion. This devastating blow comes on top of the other hits on rural America in the bill

—ravaging rural health care and closing hospitals, tax increases on working families, elimination of rural educational opportunities.

Taken as a whole, this package amounts to a raid on rural America that will devastate our rural way of life—perhaps forevermore.

Have we learned nothing from our recent history?

This bill asks us to take another riverboat gamble, like the one Ronald Reagan took when he called for huge tax breaks for the wealthy in 1981. We all lost that gamble when deficits soared in the 1980s as a result. In fact, if it were not for the cost of interest payments on the debt built up under Presidents Reagan and Bush, the budget would be balanced today.

No wonder the American people fear another roll of the dice. According to a recent poll, the public rejects the tax break proposals in this budget by a margin of nearly 3 to 1. The American people have learned a costly lesson from Reagan's riverboat gamble. Eighty-one percent said they believed that even if the Republican plan is enacted, the budget will not be balanced by 2002.

We are saying no to another riverboat gamble, and we will do so with one voice. Unlike 1981, every Senate Democrat will oppose this budget.

This budget is fundamentally flawed. It does not strengthen America. It weakens America. It does not bring us together, it moves us apart. The "haves" will have more, and the rest will have less.

Worst of all, this budget does not reflect the priorities of the American people. The American people reject the idea of cutting taxes before the budget is balanced. They disapprove of the Republican Medicare plan. As the American people are learning whose side this budget is on, they are demanding we change it.

Senate Democrats offered a series of amendments to correct these gross inequities in this bill, both in committee and on the Senate floor. Virtually every one was defeated on a party-line vote. As a result, the destructive, dangerous excesses contained in this bill will not receive a single vote from our side of the aisle. This bill deserves a veto by the President of the United States—and vetoed it will be.

This budget is mean and extreme. It rewards the rich and ravages the rest. It punishes families who need our help most to pay for tax breaks for those who need handouts the least.

It is the wrong plan, for the wrong reason, done the wrong way, to help the wrong people.

Mr. LOTT. Mr. President, much of what the minority leader just had to say has been said over and over again. It, I think, has been answered sufficiently, but it is very hard to sit here and listen to that speech after all that we have been through for the last three days.